## Message Text

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R 130321Z JUN 78 FM AMEMBASSY CAIRO TO SECSTATE WASHDC 0222

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DEPARTMENT PASS AID AND AGRICULTURE (OGSM AND FAS)

E.O. 11652: N/A

TAGS: EAGR, EAID, ETRN, EWWT, EG, US SUBJECT: REPORT ON MEETING BETWEEN AMBASSADOR

- AND EGYPTIAN MINISTER OF SUPPLY
- 1. ACCOMPANIED BY AGATTACHE AND AID DIRECTOR, AMBASSADOR CALLED ON NEW MINISTER OF SUPPLY, MR. NASSEF ABDEL MAKSOUD IBRAHIM TAHOUN, ON 6/12 TO DISCUSS SEVERAL PROBLEM AREAS OF TITLE I, PL-480 PROGRAM AND OTHER MATTERS.
- 2. AMBASSADOR REMINDED MINISTER OF GOE COMMITMENT TO PROVIDE PRIORITY DISCHARGE TO FOOD AID CARGOES FROM U.S., AND MINISTER PROMISED TO CONTIMUE HONORING COMMITMENT IN FUTURE. AMBASSADOR NOTED THAT THERE HAVE BEEN RELATIVELY FEW PROBLEMS TO DATE CONCERNING DISCHARGE IN PORTS BUT THAT PROBLEMS HAVE OCCURRED FAIRLY REGULARLY WITH RESPECT TO MOVING COMMODITIES FROM PORTS INTO DISTRIBUTION SYSTEM, ESPECIALLY FROM PORT SAID. HE CALLED MINISTER'S ATTENTION TO FACT THAT ALMOST 19,000 METRIC TONS (MT) WHEAT PRESENTLY ON SHORE AT MARINE SHIPPING CORPORATOON (MSC) FACILITY PORT SAID WITH LIMITED OFFICIAL USE

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ANOTHER LARGE VESSEL DUE IN DAY OR TWO. MINISTER PROMISED TO TAKE ALL STEPS NECESSARY TO OBTAIN ENOUGH TRUCKS FROM MINISTRIES OF SUPPLY AND TRANSPORTATION, MILITARY FORCES, AND PRIVATE COMPANIES TO MOVE GRAIN OUT OF PORT SAID AT RATE EQUAL TO THAT OF UNLOADING BY MSC

- 3. AMBASSADOR ALSO CALLED ATTENTION TO TITLE I REQUIRE-MENT THAT LETTERS OF CREDIT FOR OCEAN TRANSPORTATION SHOULD BE AS SOON AS FREIGHT IS BOOKED, AND NOTED SPECIFIC INSTANCES DURING CURRENT AGREEMENT WHEN THIS HAS NOT BEEN DONE. HE ASKED MINISTER TO DO EVERYTHING POSSIBLE TO PUSH MARTRANS TO INSURE THAT LETTERS OF CREDIT ARE OPENED PROMPTLY. MINISTER AGREED TO TAKE NECESSARY STEPS.
- 4. AMBASSADOR NEXT REQUESTED ACTIVE SUPPORT OF MINISTRY OF SUPPLY TO MEET TITLE I REPORTING REQUIREMENTS, FOR BOTH SHIPPING AND ARRIVAL REPORTS (S&A) AND QUARTERLY COMPLIANCE REPORT (QCR). HE NOTED THAT SUBMISSION OF S&A REPORTS HAS IMPROVED BUT THEY ARE STILL NOT BEING RECEIVED WITHIN THIRTY DAYS AFTER CARGOES ARE UNLOADED, AS REQUIRED IN REGULATIONS. HE ALSO NOTED THAT QCP FOR SECOND QUARTER FY-1978 (JAN-MARCH) DUE 4/30 NOT YET RECEIVED. OTHER MINSUPPLY OFFICIALS PRESENT, PARTICULARLY DARWISH AND EL DAKKAK OF GENERAL AUTHORITY FOR SUPPLY COMMODITIES, ASSURED AMBASSADOR THAT ANY AND ALL REPORTS WILL BE FURNISHED WHEN REQUESTED. IT WAS OBVIOUS FROM CONVERSATION THAT MINSUPPLY EXPECTS REQUEST FROM AMEMBASSY FOR REPORTS, EVEN THOUGH REPORTING REQUIREMENTS ARE CONTAINED IN AGREEMENT/REGULATIONS, AND AMBASSADOR INSTRUCTED ATTACHE AFTER MEETING REGULARLY TO REMIND MINSUPPLY OF EACH OCR AS THEY BECOME DUE. LIMITED OFFICIAL USE

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- 5. AMBASSADOR LEFT AIDE MEMOIRE CONVERING POINTS ABOVE WITH MINISTER AT CONCLUSION OF MEETING. FOLLOWING POINTS, NOT INCLUDED IN AIDE MEMOIRE WERE ALSO DISCUSSED.
- 6. MINISTER REPEATED GOE REQUEST FOR ADDITIONAL 400,000 MT WHEAT AND 100,000 MT WHEAT FLOUR IN FY-1978 TO MEET RISING DEMAND. AMBASSADOR EXPLAINED PROBLEM OF U.S. BUDGET DEFICIT, AND FACT THAT SUPPLEMENTAL APPROPRIATION NECESSARY TO FINANCE LARGER TITLE I PROGRAM WOULD INCREASE DEFICIT. AMBASSADOR PROMISED TO RELAY MINISTER'S REQUEST TO WASHINGTON AGENCIES.
- 7. AMBASSADOR REFERRED TO CURRENT DISPUTE
  BETWEEN PILLSBURY AND MINSUPPLY OVER SHIPMENT OF WHEAT
  FLOUR ALLEGEDLY INFESTED WITH INSECTS. WHILE MAKING
  CLEAR THAT PARTIES INVOLVED MUST MUTUALLY RESOLVE THIS
  COMMERCIAL DUSPUTE, AMBASSADOR URGED MINISTER TO REACH
  A SETTLEMENT QUICKLY.
- 8. FINALLY, DARWISH AND EL DAKKAK HAVE BEEN INVITED TO ATTEND WHEAT MARKETING SEMINAR IN TUNIS 6/19-20 BEING

JOINTLY SPONSORED BY U. S. DEPARTMENT OF AGRICULTURE AND GREAT PLAINS WHEAT, INC. THEY DECLINED INVITATIONS, APPARENTLY BECAUSE MINISTER DID NOT GIVE NECESSARY APPROVAL. AMBASSADOR TOLD MINISTER WE HOPE THAT EGYPT, LARGEST PURCHASER FOR WHEAT AND WHEAT FLOUR IN MIDDLE EAST AND NORTH AFRICA, WILL BE REPRESENTED AT SEMINAR. MINISTER INDICATED HE WOULD GIVE MATTER FURTHER CONSIDERATION. FYI. WE BELIEVE IT WOULD BE USEFUL FOR DARWISH AND EL DAKKAK TO ATTEND AS NEITHER IS WELL INFORMED ABOUT INTERNATIONAL GRAIN TRADE. PILLSBURY REPRESENTATIVE TRYING TO RESOLVE CURRENT DISPUTE OVER FLOUR TOLD AGATTACHE THAT NEITHER OFFICIAL KNOWS ANYTHING ABOUT GRAIN TRADING PRACTICES. END FYI. LIMITED OFFICIAL USE

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9. COMMENT: MEETING WAS CORDIAL AND MINISTER SEEMED TO BE RECEPTIVE, BUT WE HAD IMPRESSION THAT HE IS STILL NOT ON TOP OF HIS JOB AND IS HEAVILY DEPENDENT UPON BUREACURACY. OUR INITIAL IMPRESSION IS THAT WE ARE GOING TO HAVE TO PUSH MINISTRY EVEN HARDER UNDER HIM FOR REPOATS AND EVEN MORE IMPORTANT, NEEDED ACTIONS. WE WILL DO SO AS NEEDED. END COMMENT. EILTS

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